

Message Text

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C O N F I D E N T I A L MOSCOW 5950

USDOC FOR BEWT/DOWNEY AND USSR

E.O. 11652: GDS
TAGS: BEWT, UR, US
SUBJECT: U.S. FIRMS ACCORDED ONLY LIMITED ACCREDITATION BY
SOVIET AGENCIES

REF: (A) MOSCOW 1291, (B) 76 MOSCOW 19621

1. SUMMARY. ALLIS-CHALMERS HAS DISCOVERED THAT USSR MINISTRY OF FOREIGN TRADE ACCORDED COMPANY PERMISSION TO OPEN ONLY "TEMPORARY-REPRESENTATION IN MOSCOW WITHOUT RIGHT TO PERMANENT OFFICE AND RESIDENTIAL SPACE. SPERRY RAND REPORTEDLY GIVEN SIMILARLY LIMITED ACCREDITATION BY STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY. ARMCO'S STATUS UNCLEAR. ACTION REQUESTED: GUIDANCE FOR APPROACH TO SOVIETS ON THIS PROBLEM. END SUMMARY.

2. AS REPORTED REFTELS, SPERRY RAND RECEIVED ACCREDITATION FROM STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY (SCST) IN DECEMBER 1976, AND MINISTRY OF FOREIGN TRADE (MFT) ACCREDITED ALLIS-CHALMERS AND ARMCO IN JANUARY 1977. DURING VISIT TO MOSCOW IN FEBRUARY, A-C VICE PRESIDENT ARTHUR WASSERMAN RECEIVED FORMAL ACCREDITATION DOCUMENT ("RAZRESHENIYE") SIGNED BY MFT PROTOCOL CHIEF RAKHMANIN ATTESTING THAT MINISTRY HAD GRANTED PERMISSION FOR FIRM TO OPEN TEMPORARY REPRESENTATION ("VREMENNOYE PREDSTAVITEL'STVO") IN MOSCOW
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FOR ONE YEAR FROM FEBRUARY 15. WASSERMAN AND PERMREP-DESIGNATE THOMAS SHILLINGLAW DID NOT ATTACH ANY SIGNIFICANCE TO WORK "TEMPORARY" AND IN FACT WERE SENT BY MFT'S PROTOCOL ADMINISTRATION TO UPDK (DIPLOMATIC SERVICE AGENCY) TO ARRANGE FOR APARTMENT AND OFFICE. ACCORDING TO SHILLINGLAW UPDK OFFICIAL SAID THAT APARTMENT AND OFFICE SPACE SHOULD BECOME AVAILABLE IN NORMAL COURSE OF EVENTS WITH APARTMENT EXPECTED BEFORE OFFICE.

3. OTHER SHOE DROPPED IN APRIL 14 LETTER FROM A. IVANUSHKIN, CHIEF OF UPDK'S HOUSING OFFICE, WHO INFORMED WASSERMAN THAT "UPDK IS ONLY GRANTING OFFICE SPACE AND LIVING QUARTERS TO FOREIGN REPRESENTATIVES PERMANENTLY ACCREDITED IN THE USSR. CONSIDERING THAT ALLIS-CHALMERS IS TEMPORARILY ACCREDITED, UPDK IS UNFORTUNATELY UNABLE TO COMPLY WITH YOUR REQUEST DUE TO THE ABSENCE OF VACANT RESIDENTIAL AND OFFICE SPACE." (INFORMAL TRANSLATION). EMBASSY TELEXED TEXT TO WASSERMAN, WHO INSTRUCTED SHILLINGLAW TO PURSUE MATTER FOLLOWING HIS ARRIVAL IN MOSCOW APRIL 24.

4. ON APRIL 27, SHILLINGLAW AND JEROBIM GILBERS OF US-USSR TRADE AND ECONOMIC COUNCIL MET WITH N.M. SHPINKOV, DEPUTY CHIEF, MFT PROTOCOL ADMINISTRATION, TO DISCUSS IVANUSHKIN LETTER. ACCORDING TO SHILLINGLAW, SHPINKOV EXPLAINED THAT TEMPORARY REPRESENTATIONS ARE ACCORDED ALL PRIVILEGES PERMANENT REPRESENTATIONS ENJOY, EXCEPT FOR PERMANENT OFFICE AND RESIDENTIAL SPACE, AND CLAIMED THAT OTHER (UNNAMED) FIRMS HAVE BEEN GIVEN THIS STATUS IN THE PAST. HE MAINTAINED THAT TYPE OF ACCREDITATION DEPENDS ON VOLUME OF BUSINESS BUT DID NOT ANSWER WHEN SHILLINGLAW ASKED WHY A-C'S DOLS 100 MILLION IN SALES OVER PAST FIVE YEARS WERE INSUFFICIENT FOR PERMANENT STATUS. WHEN ASKED WHETHER A-C'S PRIORITY FOR APARTMENT AND OFFICE WOULD BE DETERMINED BY DATE OF TEMPORARY OR PERMANENT ACCREDITATION, SHPINKOV GAVE CONFLICTING REPLIES. SHILLINGLAW LATER COMMENTED TO COMOFF THAT SHPINKOV APPEARED TO BE IMPROVISING HIS ANSWERS ON THE SPOT.

5. SHILLINGLAW HAS SUCCEEDED IN FINDING ACCEPTABLE TEMPORARY
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QUARTERS IN HOTEL VOLGA, WHERE HE HAS LEASED FOUR-ROOM SUITE WHICH WILL SERVE AS APARTMENT AND OFFICE. HE IS TELEXING REPORT ON SHPINKOV MEETING TO WASSERMAN, WHO CAN BE REACHED IN MILWAUKEE AT (414) 475-3406.

6. NO SPERRY RAND REPRESENTATIVE IS IN MOSCOW AT PRESENT, BUT U.S. STAFF MEMBER AT TRADE AND ECONOMIC COUNCIL REPORTS THAT SPERRY RECEIVED PERMISSION FROM SCST TO OPEN ONLY TEMPORARY REPRESENTATION WITHOUT RIGHT TO PERMANENT RESIDENTIAL AND OFFICE SPACE.

7. EDWARD A. PERPER, VICE PRESIDENT, ARMCO INTERNATIONAL, TOLD COUNCIL'S GILBERT DURING RECENT VISIT THAT ARMCO WAS GIVEN PERMISSION TO OPEN TEMPORARY REPRESENTATION WITH ASSURANCE THAT THERE IS NO REAL DIFFERENCE BETWEEN PERMANENT AND TEMPORARY STATUS. GILBERT BELIEVES, HOWEVER, THAT PERPER RECEIVED THIS ASSURANCE IN JANUARY.

8. COMMENT:

(A) AS FAR AS EMBASSY AWARE, "TEMPORARY" ACCREDITATION IS NEW WRINKLE IN SOVIETS' DEALINGS WITH U.S. COMPANIES. POLL OF PULLMAN (ACCREDITED 1972), HEWLETT-PACKARD (1973), ENGELHARD (1974), AND COOPER (1975) SHOWS THAT ALL WERE INITIALLY GRANTED PERMISSION TO OPEN PERMANENT REPRESENTATION ("POSTOYANNOYE PREDSTAVITEL'STVO") FOR ONE YEAR ON DOCUMENT IDENTICAL TO ONE A-C RECEIVED EXCEPT FOR WORD "PERMANENT."

(B) THIS NEW WRINKLE WAS NO DOUBT INSPIRED BY MOSCOW'S CHRONIC SHORTAGE OF APARTMENT AND OFFICE SPACE, BUT IT HARDLY ACCORDS WITH 1972 PATOLICHEV-PETERSON LETTER ON ACCREDITATION, WHICH REFERS ONLY TO "ACCREDITATION" WITHOUT ANY QUALIFYING ADJECTIVE. WE ALSO NOTE THAT MFT OFFICIALS FAILED TO MENTION LIMITED NATURE OF ACCREDITATION IN CONVERSATIONS WITH COMOFFS REPORTED REFTELS AND THUS PRESUME THAT DEPARTMENT WAS UNAWARE OF RESTRICTIONS WHEN FAVORABLE ACTION TAKEN IN MARCH ON SOVIET CONFIDENTIAL

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REQUEST TO ESTABLISH TRACTOR COMPANY IN UNITED STATES. WE THEREFORE RECOMMEND THAT DEPARTMENT CONFIRM TEMPORARY CHARACTER OF SPERRY RAND'S AND ARMCO'S ACCREDITATION AND PROVIDE GUIDANCE FOR APPROACH TO MFT AND SCST, AS APPROPRIATE. WE ALSO FEEL PARALLEL APPROACH TO MKRTUMOV WOULD BE USEFUL IN VIEW OF FAVORABLE ACTION ON SOVIET TRACTOR COMPANY.
TOON

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